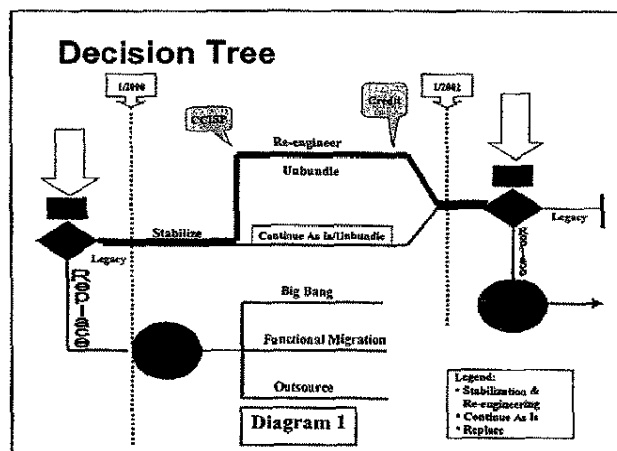


Nicor Gas Company Customer Care Systems Executive Summary November, 2002

I. Customer Care Information Systems Project (CCISP)

When deregulation was occurring in Illinois, Nicor was faced with making significant changes to its 30-year-old legacy CIS system. In 1997, IS partnered with the Customer Care organization to sponsor a CIS replacement project. A feasibility study and a partial design were completed with the intention of implementing the Customer/1 application. However, due to increasing project costs, risks to the business inherent with a "big bang" approach, and an uncertain future for the chosen package moving forward, the project was terminated in August 1998.

After the Customer/1 project termination, a strategic review of Nicor's CIS approach was conducted. As a result of that strategy engagement, it was determined that a two-pronged approach to our CIS initiatives was needed. This alternative would position Nicor to meet unbundling requirements on the upcoming horizon, while improving the IT infrastructure and capabilities (*see diagram 1*).



1) We had to work within the current legacy CIS system to provide functionality for the Customer Select program. This not only included adding "unbundling" capabilities, but also required performing some "stabilization" tasks to compensate for time that we had been focused on Customer/1 and not performing upgrades on our legacy applications. Further, it was determined to "reengineer" the legacy code while adding functionality. "Reengineering" primarily meant segregating the code to lay the foundation for functional migration. This became known as CCISP – Customer Care Information Systems Project.

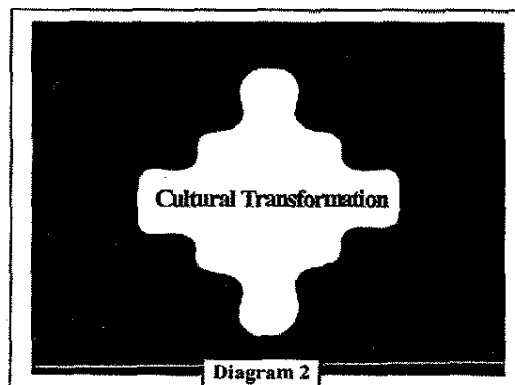
2) A direction was established to "functionally migrate" the legacy CIS applications. Due to the high-risk situation with moving to a new platform and totally

new system, it was decided to selectively replace CIS in pieces, depending on the business case. Credit and Collections would be first

The first year of the project focused on Stabilization. A number of quick hits were completed substantially reducing the number of returned gas bills, billing investigations and dial cards issued while increasing the number of estimated reads and off-cycle billing ability. Though these early successes added business value, the creation of the project infrastructure proved to be the most valuable accomplishment in the first year.

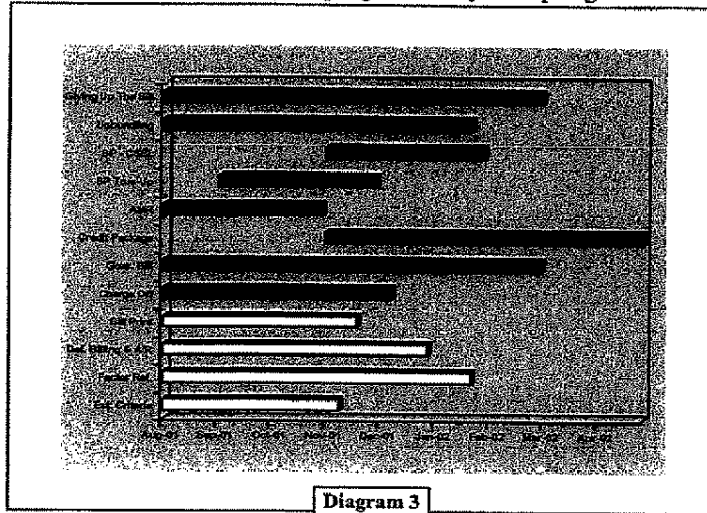
To support the quantity and quality of work that needed to be accomplished over the course of the next two years, Nicor needed to establish new Project Management disciplines. This effort resulted in the development of robust Project Management methodologies and tools, software development lifecycles, and quality assurance and testing processes.

Individually these components stand alone, but together they have become the basis for the IS cultural transformation that needed to take place in order for Nicor to be successful during CCISP and in the future. (*See diagram 2*).



In early 2001 our new project management practices were put to the test. Aggressive goals were set to implement all of the full unbundling requirements, complete the remaining stabilization and re-engineering tasks, and develop a new multi phase budget plan program all by the Spring of 2002. Many questioned if this workload was feasible;

however, as it turned out much more was added to the project team's plate before summer of 2001 was over.



In addition to the CCISP project workload, GSC expansion, Treasury equipment, AMR, Nicor Services Fixed Bill, and the Charge Off projects were initiated. These projects, along with a Budget Plan program that was much more costly and time consuming than originally forecasted, added approximately 40,000 hours into the overall Customer Care workplan (see diagram 3). Using our original budgeting formula, this added \$3.8 million in projects that had to be staffed and completed in the same timeframe, utilizing the same resources as the core CCISP projects.

By March of 2002, nearly all of the CCISP project tasks were completed on schedule and on budget. This included approximately 10,000 project hours in preparation for full unbundling. In addition, several other Customer Care related initiatives (i.e. Fixed Bill, Treasury Equipment, AMR) were successfully implemented. The ability to successfully complete this large number of concurrent projects within Customer Care was a direct result of the newly project management environment. As stated in a Sponsor interview, "we have surpassed our quality and efficiency goals through stabilization. Specifically, the SDLC, system testing and quality assurance have been key drivers in this success."

The CCISP Initiative was a success on many fronts - it delivered needed functionality while developing a project based culture that has already been the catalyst for change within the IS organization and many other Nicor initiatives (i.e. BOFT). The following statements made by the Sponsor Team sums up the value that this project brought.

- ⇒ This project has succeeded in delivering needed functionality to the business. At the same time, it has been successful in allowing employees and the organization to develop new capabilities to support future IT projects and business changes.
- ⇒ The benefits of this cultural transformation have paid off. Nicor can now predict resources and results more accurately. Since these best practices have yielded results in CCIS, several other projects are adopting them for their projects.
- ⇒ The \$20 million spent on CCISP (OE and capital), while a significant figure, is an investment in the future while meeting the demands of the present. It has achieved both objectives. Our people are better prepared to respond to business demands. And, we are well positioned for more strategic changes to replace the legacy applications.

II. Credit & Collections Project

Also in late 2000, the beginning of the current functional migration strategy was initiated with the evaluation of package solutions for Credit and Collections. This direction was chosen after determining that the customer centric view of the data, the foundation of the Credit Department's business requirements, was far too costly and risky to implement in the premise based legacy applications.

By spring of 2001, the Credit package evaluation was down to two vendors. Though the original requirements followed a "best of breed" approach focusing solely on Credit and Collections, by the time the decision was made the scope of the evaluation was increased to consider both the immediate credit needs as well as the broader CIS migration. With this new view of the criteria, SPL WorldGroup's CorDaptix product was chosen as the best solution for Credit and for replacing other CIS components in later phases of Functional Migration.

After making the decision to invest in CorDaptix, further legacy re-engineering tasks were scrutinized to determine if it was prudent to invest in legacy technology given the opportunities CorDaptix presented. This activity resulted in cancellation or indefinite delay of over 40,000 hours of the re-engineering projects acting under the premise that Nicor would pursue replacing the billing system by 2005.

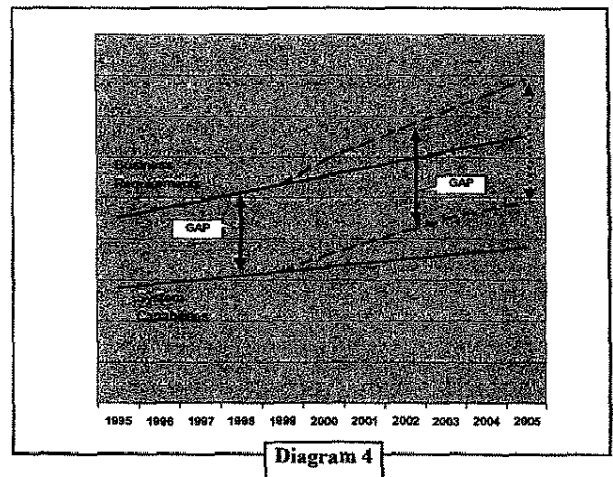
In August of 2001, a fit assessment of CorDaptix was completed and a high-level implementation plan was created. With the business case supported by annual reduction of \$2-3million in bad debt, the Credit Project was then launched in late 2001 as a separate initiative with an estimated implementation date in September of 2002 and a total cost of \$10 million.

Nicor worked closely with our integration partners – Accenture and SPL. Nicor provided 50% of the overall resources for this project. We are pleased to report the successful implementation of the Credit project on Labor Day weekend – "on time and on budget". The Credit department is still in a transition state, but has already begun to identify and realize savings from the new environment.

Beyond CCISP – CIS Migration

As successful as CCISP was, it also heightened the awareness of the inadequacies and issues with the legacy CIS system. Though \$20 millions dollars were spent modifying our legacy applications and developing an environment in support of this platform, the gap between needed business requirements and system functionality remained the same. In fact, with the added system complexities of Fixed Bill and Budget Plan the gap is widening once again (See diagram 4).

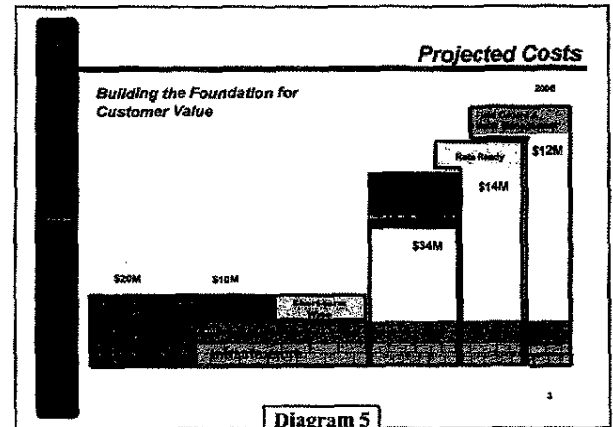
The Leadership Team recognized this gap and sanctioned a project team to pursue the strategy and business case for implementation of the remaining CorDaptix modules. As stated at the Nicor Gas Board of Directors meeting in 2001 – "our decision to approve this (CCIS) project was only justified based on the need to begin to functionally migrate off our 30+ year old system."



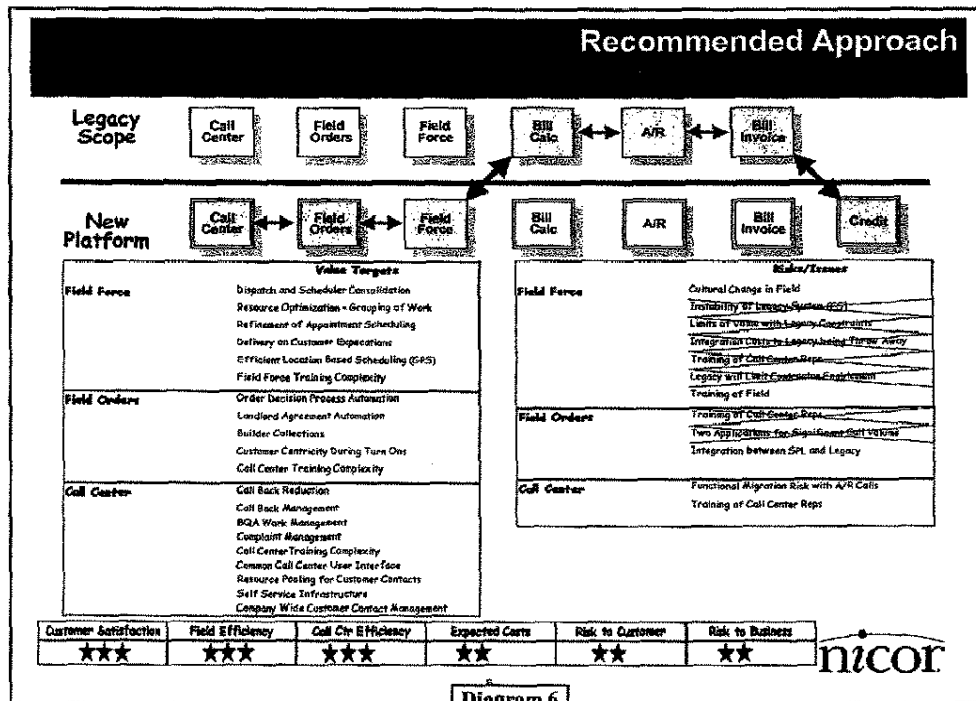
Several alternatives for proceeding were considered. Original plans called for three additional releases: 1) Bill Ready (Bill Invoicing, A/R and Back Office); 2) Rate Ready (Bill Calc and Meter Reading) and 3) Field Orders (including Meter Management). Costs in the range of \$55-60 million were projected for the full CIS implementation. It was estimated that 20% of the functionality was implemented with credit and that 45% would be implemented with Bill Ready.

In August 2002, Senior Management was interviewed to determine the most important business drivers for making a sequencing decision. The results were mixed with a focus on customer satisfaction, meeting external demands and fiscal management. A 3-4 year proposal was submitted to the CARE committee in September to proceed with Bill Ready as the next phase in our CIS migration (see diagram 5). The economics for such a proposal continue to be negative given the significant infrastructure investment (+\$10 million) required for whichever module is implemented next. Continuing the migration strategy is still a priority.

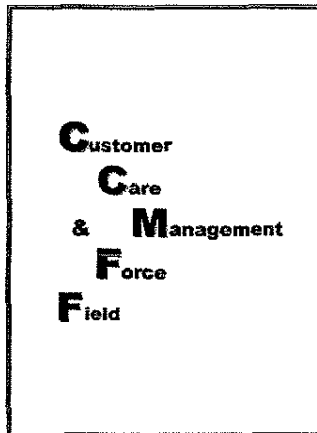
As a result of the CARE process, several synergies were identified with the Field Force Automation project proposed by the Operations business units. The sequencing of the CIS field orders implementation simultaneous to the Computer Aided Dispatching (CAD) upgrade and Distribution department mobilization demonstrated many benefits, including cost avoidance of \$5-6 million in integration costs. The project team was commissioned with validating these synergies and formulating several sequencing proposals.



In early October, two primary alternatives were compared and presented to management: Billing first and Field Orders first. (Note: The team recommended that the Bill Ready and Rate Ready phases be collapsed into one phase to reduce the significant risk of "pulling RA120 apart".) Two additional alternatives were documented as options to support significant financial constraints. These options were rejected due to the increased long-term costs, short-term change management impacts, and the delay in benefit realization.



Upon completion of the team's analysis, the Field Order first scenario was recommended. It provides the best value to support Customer Care and Employee Efficiency strategies. It also mitigates several risks inherent with a Billing first scenario. Overall costs are slightly higher and there is a delay in achieving cost reductions for the current mainframe environment. In the end, senior management supported the teams recommendation to combine the CIS Migration and the Field Force Automation projects into a combined program - Customer Care & Field Force Management.



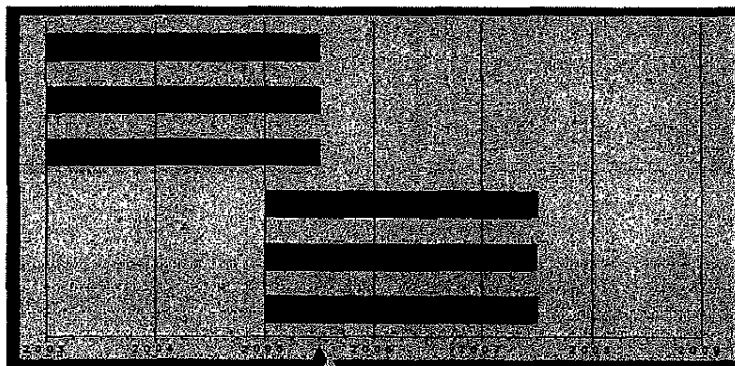
Customer Care & Field Force Management Program

The Customer Care and Field Force Management Program will bring many tangible and intangible benefits to the company. Implementation will last over a 4-5 year period, cost \$70 million and will involve two releases: 1) Customer Care and Field Force Management; and 2) Billing. The overall scope includes:

- ♦ Replacement of our 1968 Billing system;
- ♦ Replacement of our 1970's CIS system;
- ♦ Replacement of 8+ year old mobile hardware;
- ♦ Upgrade of our CAD dispatching software;
- ♦ Mobilization of all field workers with a consistent mobile hardware platform;
- ♦ Visibility for the call center to ALL field activities;
- ♦ New time-based appointment scheduling capabilities for all field activities;
- ♦ Global workforce scheduling capability;
- ♦ Continued leverage of customer-centric foundation built with the credit project -- specifically improved handling of builders and landlords;
- ♦ "Off the shelf" CIS and Dispatching packages;
- ♦ Minimal modifications to readily support future upgrades from the vendor;
- ♦ Reduction in required mainframe computing power with a future mainframe replacement.

Benefit Identification and Realization: Early identification of business value indicates additional direct departmental savings of \$3.5-4 million per year will be achieved. In addition, many less direct benefits have been identified as well as intangible benefits. These benefit levels can be achieved in a 7-year period. Economics have been calculated over a 15-year period. The sequencing of these values are shown in *diagram 7*.

Sequencing Options: Field Force Management First



Field Force, Field Orders and Call Center First

- Focus on Customer Satisfaction and Field Value in next step
- Aligns 3 of the 4 Change Mgmt Impacts
- 80% of Call Center on Cordaptix in 2005 - with Portal view of Online A/R
- Delay billing implementation until summer timeframe - lower bills/risk
- Does not allow for Mainframe Downsizing in 2005

CALL CENTER Value
 •Visibility into all of Field for Call Center
 •Customer Appointment Improvements
 •Intuitive User Interface for Call Center
 •Landlord Agreements
 •Connect Customer Centricity
FIELD Value
 •Mobilization of all Field along with new devices
 •Common Field Mgmt and Tools across Ops, Distribution and System Ops
 •Global Workforce Utilization
 •Real-time Crew Status
 •Mobile Hardware Reliability

BILLING Value
 •Unisys Downgrade
 •Billing Flexibility Enhancements
 •Payment Processing Improvements
 •Improved Billing Quality Assurance

Diagram 7

We have also identified the appropriate metrics, which will drive realization of these benefits. A benefit realization plan will be completed which will establish baseline measurements and targets.

Intangible benefits have not been quantified. These include interdepartmental synergies and reduction in handoffs, which are expected to be achieved. We have already learned from Credit and Collections that there are many hidden benefits, which were unseen prior to implementation. We expect that to happen with release 2 as well.

One key intangible benefit, Customer Satisfaction, will certainly be improved. It is difficult at best to quantify its value in a regulated environment. Customers will have improved one-call resolution from the call center (access to more info), improved time-based scheduling to better meet customer needs, etc. Indirect impact in sales of new products and services and less scrutiny from regulators could result as well.

Another key benefit not included in the economics relates to ongoing system maintenance. We believe that ongoing enhancements in the new platform could be 1/3 the cost of making such changes in legacy. As we have averaged nearly \$3 million in enhancements annually, this could translate into a cost avoidance of \$2 million per year. Additionally, the synergy of combining the Customer Care and the Field Force Management projects will avoid \$5-6 million of integration costs. None of these items are included in the economics calculated for this program.

Overall economics on this program show a negative NPV of (\$25million). Some additional items of note: This doesn't include intangibles or cost avoidance items mentioned above. It does include \$6 million of mobile hardware that will need to be replaced regardless of software and process changes. The economics were calculated using a 15 year life – the system should last even longer. The economics on this project continue to be negative regardless of which approach is taken. However, potential customer care, employee efficiency benefits, IT infrastructure stability issues must be considered in the decision-making process.

Change Management: From a change management perspective, the alignment of three key changes occurs together. 1) Customer Service Reps (CSR's) (and many others) impact due to a new CIS system and platform change; 2) Field personnel due to a change in Field Force hardware change; and 3) Impacts on Dispatch and Workload Admin (and many others) due to new scheduling software impacts. We will have a focused approach to change management and have already begun to prepare the organization for such changes through the Building Our Future Together (BOFT) initiative in the Distribution organization as well as the culture shift initiative within IT. Nearly 1,100 employees will be impacted through this program, with over 7,000 training days planned. We expect the cutover for both releases to occur at times that best fit the business cycles, thus mitigating risk. We will look to more modern approaches for the development and delivery of training, thus establishing a new model for the future. This could include web-based training, and others methods. Note: The cost of people to be in training is not included within the project costs. Training development and training delivery (ie. Trainers) is included.

Next Steps

The size of this project from a resource perspective is significant, averaging 50 FTE's, and peaking at near 80. Interim steps include contract negotiation; value finalization and commitment; business requirement validation; and resource planning. As can be seen from diagram 8, the workday efforts are significant and are organized around a team structure similar to the structure used for the credit project.

The project team is expected to be fully engaged beginning in January 2003. This release is expected to be in production in mid-2005. Planning for the third and

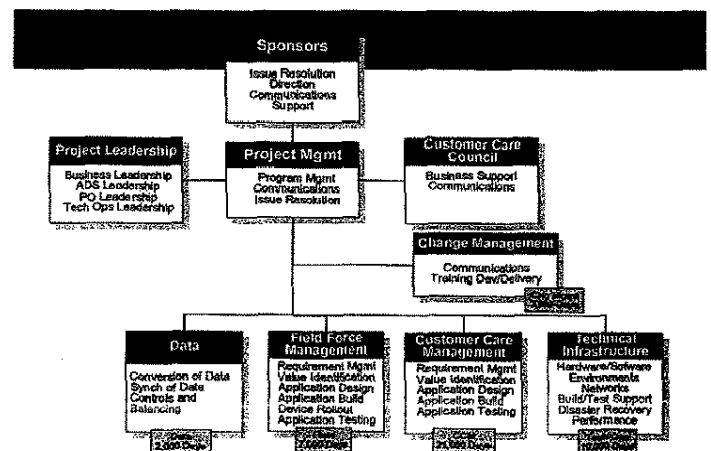


Diagram 8

final release is expected to begin in early 2005 and be ready for production in mid 2007.

That sounds like a long way off. But given our functional migration approach, a three-phase approach seems to be the best at balancing financial impact while mitigating risks.

Critical Success Factors

The success of this program (on time/on budget) will be dependent on many factors.

1. Management of scope
2. Reliability of the purchased software
3. Technical Integration methods (e.g. EAI)
4. Visible Sponsorship
5. Business ownership and resource availability
6. Change management – breadth and support
7. Commitment to benefit realization
8. Focus on the customer
9. Consistent/uniform approach to all business units
10. Alignment from all business leaders
11. Ability to ramp-up/ramp-down as players change (inevitable over 5 years)
12. Connecting with ALL hidden business units/processes – back office especially

Conclusion

Funding for the following releases will be approved on an annual basis. (See Diagram 9). These numbers have not yet been leveled.

	2003	2004	2005	2006	2007	2008	2017	Total
Total Costs	\$ 18,442	\$ 18,554	\$ 20,247	\$ 7,100	\$ 5,401	\$ -	\$ -	\$ 70,044
Infrastructure	\$ 8,041	\$ 3,229	\$ 4,845	\$ 410	\$ 747	\$ -	\$ -	\$ 17,272
Application	\$ 9,477	\$ 14,785	\$ 14,834	\$ 2,480	\$ 364	\$ -	\$ -	\$ 41,940
Functional Migration	\$ 924	\$ 800	\$ 568	\$ 1,320	\$ 1,320	\$ -	\$ -	\$ 4,932
Duration	\$ -	\$ -	\$ -	\$ 2,970	\$ 2,970	\$ -	\$ -	\$ 5,940

Diagram 9

Milestones and accountability will be driven for each fiscal year. Funding for 2003 of \$15 million capital has been approved by FPC and is pending approval from the Board. The project team will now begin its development efforts.

WP (F-4) 3

**Gas Storage Improvement – Compressor
Replacement**

2005

Note: Use additional pages if more space is needed.

BUDGET ITEM NO.	AU NO.	REGION	CAPITAL TYPE (see back)	AFUDC (see back) <input type="checkbox"/> Yes <input type="checkbox"/> No	Estimated Expenditures			
					Year	This Request	Previous Authorization	Total Authorization
Activity # Investment	326	West	Storage	<input type="checkbox"/> Yes <input type="checkbox"/> No	2004	\$ 1,000,000	\$	\$1,000,000
Activity # Retirement				<input type="checkbox"/> Yes <input type="checkbox"/> No	2005	\$ 9,000,000	\$	\$9,000,000
Activity # Investment					2006	\$ 200,000	\$	\$ 200,000
Activity # Retirement						\$	\$	\$
FILE NO.	NBA / MR / PI / SI NO.	ESTIMATED START DATE Year 2004	EST. COMPLETION Year 2006	Retired		\$ 300,000	\$	\$ 300,000
		Quarter 2	Quarter 1	Total		\$10,500,000	\$	\$10,500,000

Project Location
Troy Grove, Station #50

Project Description
Install new 15,000 Hp gas turbine compressor to replace a distig unit (installed in 1969), which is no longer supported by the original equipment manufacturer (OEM); lacks the reliability required to deliver uninterrupted service to our customers.

Alternatives Considered

1. Do nothing now, wait until the unit fails and then start the replacement process (2 year lead time).
2. Purchase additional firm transport of 300 mmcf/d year round or for winter only, if available.
3. Purchase additional firm 3rd party storage services of 300 mmcf/d (DSS like) year round or for winter only, if available
4. Replace existing unit with a new unit capable of delivering 300 mmcf.

Reason for Request

The existing unit is no longer supported by the OEM and after market service is extremely limited. No vendor is making new parts for these units. Repairs and overhauls are done using "used but could be good" parts from other retired or failed units. These units are required for peak day and high flow deliveries from Troy Grove and must be extremely reliable when called upon to operate.

Reason for Budget Revision

For Revisions Only

Revision:
☐ 1 ☐ 2 ☐ 3 ☐ 4

Reimbursable?

☐ No
☐ Yes ___%

Income Taxes on Reimbursable Projects

☐ No (Public Interest)
☐ Yes (Private Party)

see instructions

Included in overall budget?

☐ Yes ☐ No
Dollars and year(s):
1,000,000: 2005 & 9,000,000: 2006

Operating Expense Impact (specify in detail)

Economic Assessment Data		Approvals	
Item (see page 2)	value	TAG APPROVAL	I.T.S.C. APPROVAL
Cost of Capital (after tax)	%	DATE	DATE
Net Present Value at C/C (after tax)	\$	PRINT RECOMMENDED BY	PRINT APPROVED BY OFFICER
Internal rate of return (IRR), if applicable	%	DATE	DATE
		Joe Defers 4/27/04	Rocco D'Alessandro
		RECOMMENDED BY SIGNATURE	APPROVED BY SIGNATURE - OFFICER
		<i>[Signature]</i> 4/27/04	<i>[Signature]</i> NL
		APPROVED BY CMT	APPROVED BY BOARD OF DIRECTORS/IFC
		DATE	DATE
		CMT COMPLETION BY	POST INVESTMENT REVIEW
		DATE	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Undecided
		ACCOUNTING APPROVAL - CAPITALIZED SOFTWARE	If yes, Quarter _____ Year _____
			BUDGET COMPLETION/ TOLERANCE
			CHECK BY
			DATE

Treasurer's Office Approval

Date

Troy Grove Compressor Replacement



CMT

April 29, 2004

Troy Grove Compressor Replacement



- Scope

- Replace existing gas turbine compressor, (Cooper #29) installed in 1969 with a new 15,000 Hp unit.
- The unit is no longer supported by the Original Equipment Manufacturer (OEM) and after market service is extremely limited.
- Overhauls are done using "used but could be good" parts from other retired or failed units.

Troy Grove Compressor Replacement

- Rationale

- Troy Grove is Nicor's most important storage facility. It represents –22% of our peak day supply, and an even greater % on an average winter day.
- Unlike Nicor's other storage facilities, Troy Grove's peak day deliveries are dependent on a highly reliable operation of mechanical gas compressors to achieve its 1100 mmcf/day rated capacity.
- These compressor units may not operate many days or hours during the year, but they must start and provide continuous, uninterrupted deliveries at a moment's notice when called upon.

Troy Grove Compressor Replacement

A thick black horizontal line with a large, dark, textured arrowhead pointing to the right, positioned below the title.

- **Background**

- Cooper #29 was installed in 1969.
- Since 1999, over \$2,000,000 has been invested in these two units.
- Cooper #29 was overhauled in 2002 following a stall failure. The unit has less than 24 hours of in-service operation since then due to continued vibration issues. It has been It has been reworked and re-tested at least 4 times to correct the problem.
- Significant work is still required to solve these vibration issues.

Troy Grove Compressor Replacement

Unit	Installed	Flow Rate (mmcf/day)	Fuel (mmbtu/day)	Fuel per Rate (mmbtu/mmcf)
Orenda #5	1963	200	2258	11.29
Orenda #6	1963	200	2258	11.29
Orenda #7	1963	200	2258	11.29
Solar #21	1965	24	238	9.62
Solar #22	1965	24	238	9.62
Solar #23	1965	24	238	9.62
Solar #24	1965	24	238	9.62
Solar #25	1965	24	238	9.62
Solar #26	1965	24	238	9.62
Cooper #28 *	1967	288	3360	11.66
Cooper #29	1969	288	3360	11.66
Allison #31	1995	120	1188	9.9
Solar #41	2003	300	1848	6.16

* replaced but not yet retired pending FERC application for unit specific service.

Troy Grove Compressor Replacement

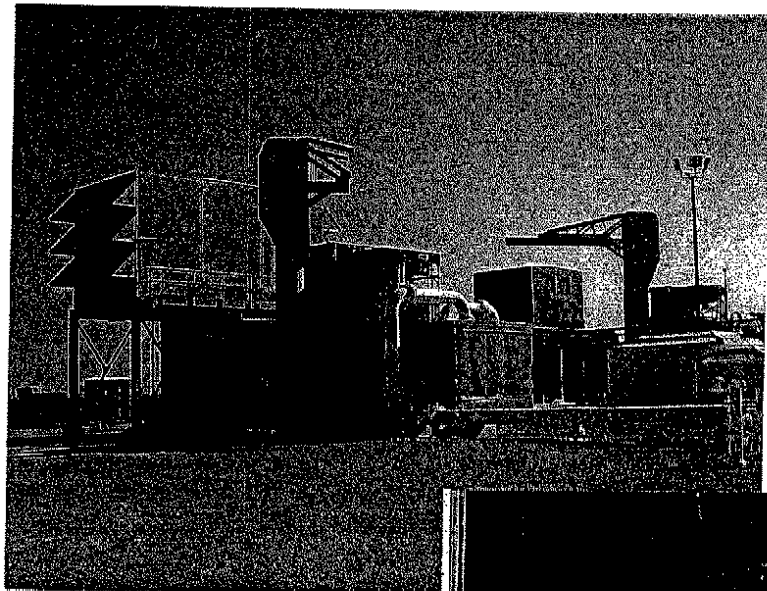
- Operational advantages - Solar #41
 - More fuel efficient than existing units by $\sim 30 - 50 \%$.
 - In 2004 YTD, operated 36 days and used $\sim \$333,000$ in fuel vs. $\sim \$605,000$ had we operated either of the Cooper units.
 - This new unit comes up to speed and moves gas within 15 - 20 minutes after initiating start sequence compared to one hour + for the Cooper units.

Troy Grove Compressor Replacement

- Alternatives

-
- | | |
|--|---|
| ◆ Do Nothing | ◆ Wait for the next failure to make replacement decision (2 year lead time). Increases risk if pipeline penalties |
| ◆ Replace with new 15,000 Hp gas turbine compressor | ◆ \$10,500,000 |
| ◆ Replace with winter only FT | ◆ \$7,341,300 / year |
| ◆ Replace with annual FT | ◆ \$16,132,104 / year |
| ◆ Replace with storage service (including transport – DSS) | ◆ \$19,036,555 / year |

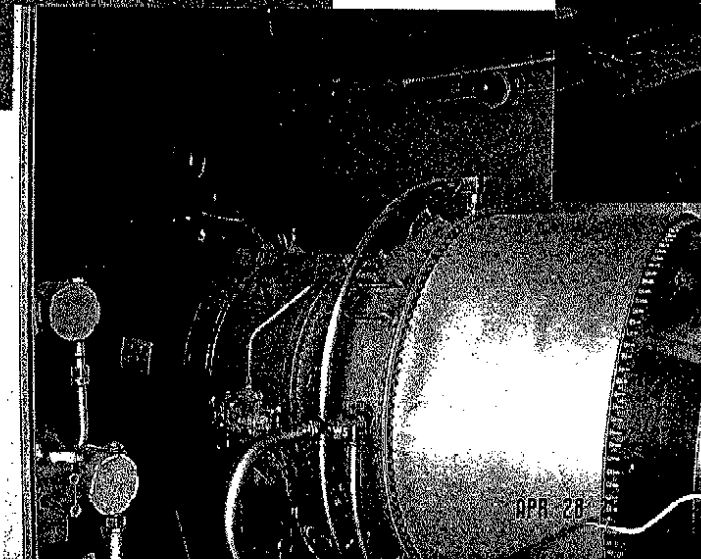
Troy Grove Compressor Replacement



Cooper #29



Solar #41



Northern Illinois Gas company
d/b/a Nicor Gas Company
Estimated Capital Expenditures
Project 211 - Gas Storage Improvement. Compressor Replacement - Troy Grove - 2005 (Cooper #29)

		2004 Budget															
		Overhead Rate (1)	Total Amount	January	February	March	April	May	June	July	August	September	October	November	December	Total	Estimated In Service Date
cap467	2004 Budget		1,000,000										1,000,000			1,000,000	
	Cooper #29 compressor replacement - DC		274,000	-									274,000		-	274,000	
	Cooper #29 compressor replacement - OH	0.274															
	Cooper #29 compressor replacement-Total Costs		1,274,000	-									1,274,000		-	1,274,000	
	Cooper #29 compressor replacement - OH	0.274	274,000	-									274,000			274,000	
Cooper #29 -AFUDC			4,815									929	1,858	1,858	4,645		
Cooper #29 compressor-OH Excl AFUDC			289,355	-								273,071	(1,858)	(1,858)	269,355		
		2005 Budget															
cap467	2005 Budget		9,000,000				2,000,000	500,000	2,000,000	500,000	500,000	500,000	1,000,000	1,000,000	1,000,000	9,000,000	12/05
	Cooper #29 compressor replacement - DC		2,466,000	-			548,000	137,000	548,000	131,000	137,000	137,000	274,000	274,000	274,000	2,466,000	
	Cooper #29 compressor replacement - OH	0.274															
	Cooper #29 compressor replacement-Total Costs		11,466,000	-	-	-	2,548,000	837,000	2,548,000	637,000	837,000	837,000	1,274,000	1,274,000	1,274,000	11,466,000	
	Cooper #29 compressor replacement - OH		2,466,000	-			548,000	137,000	548,000	137,000	137,000	137,000	274,000	274,000	274,000	2,466,000	
Cooper #29 -AFUDC			110,413	2,123	2,123	2,123	4,247	6,901	9,555	12,209	13,271	14,333	15,925	18,048	9,555	110,413	
Cooper #29 compassor-OH Excl AFUDC			2,355,587	(2,123)	(2,123)	(2,123)	543,753	130,099	538,445	124,791	123,729	122,667	258,075	255,952	264,445	2,355,587	
		2006 Budget															
rap467	2006 Budget		Total Amount	January	February	March	April	May	June	July	August	September	October	November	December	Total	
	Cooper #29 compressor replacement- DC		500,000	300,000	200,000											500,000	
	Cooper #29 compressor replacement - OH	0.274	137,000	82,200	54,800											137,000	
	Cooper #29 compressor replacement-Total Costs		637,000	382,200	254,800	-										637,000	
	Cooper #29 compressor replacement - OH		137,000	82,200	54,800	-										137,000	
Cooper #29 -AFUDC																	
Cooper #29 compressor-OH Excl AFUDC			137,000	82,200	54,800	-									-	157,000	
cap467	2004 -2006 Budget. Total Costs:		Total Amount	January	February	March	April	May	June	July	August	September	October	November	December	Total	
	Cooper #29 compressor replacement - DC		10,500,000	300,000	200,000	-	2,000,000	500,000	2,000,000	500,000	500,000	500,000	2,000,000	1,000,000	1,000,000	10,500,000	✓
	Cooper #29 compressor replacement - OH	0.274	2,877,000	82,200	54,800	-	548,000	137,000	548,000	137,400	137,000	137,000	548,000	274,000	274,000	2,877,000	
	Cooper #29 compressor replacement-Total Costs		13,377,000	382,200	254,800	-	2,548,000	637,000	2,548,000	637,000	637,000	637,000	2,548,000	1,274,000	1,274,000	13,377,000	
	Cooper #29 compressor replacement - OH		2,877,000	82,200	54,800	-	548,000	137,000	548,000	137,000	137,000	137,000	548,000	274,000	274,000	2,877,000	
Cooper #29 -AFUDC			115,058	2,123	2,123	2,123	4,247	6,901	9,555	12,209	13,271	111,333	16,854	18,008	11,413	115,058	
Cooper #29 compressor-OH Excl AFUDC			2,761,942	80,077	52,677	(2,123)	543,753	130,099	538,445	124,791	123,729	122,667	531,146	254,094	262,587	2,761,942	

Notes: (1) Use overhead ate for Budget 6520 - TG compressor - per C/WIP workpapers - ICC page 216 support - 2002, to estimate overheads
(2) Source: Direct costs by month and plant in service dates from Robin Olsen (Memos-513104 and 5/6/04).

TIES TO AUTH.

WP (F-4) 3 11/11

Customer Care and Field Force Management Project

Includes:

Integration Infrastructure -2004-2005 Rollout

**Mobile Deployment and Field Force Management
– 2003-2005 Rollout**

Customer Care System – 2004-2005 Rollout

NICOR GAS COMPANY

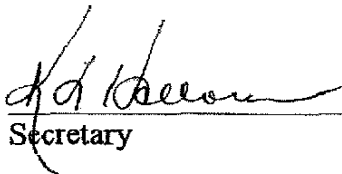
BOARD OF DIRECTORS

PROJECT REVISIONBudget Item No. 8997 – IT Capital Project

Revision of the Capital investment costs associated with the ~~Field Force Management~~/CIS Migration Project – upgrade and expand field force mobilization hardware and scheduling software. Implement corresponding CIS software to support the Call Center. This project improves reliability of field response and provides the call center with visibility to all field operations for improved customer call handling. This continues the CIS software migration begun in 2001. ~~The~~ The second revision is to provide capital funding for the 2004.

Original Authorization	<u>\$15,000,000</u>
1 st Revised Authorization	<u>\$17,300,000</u>
2 nd Revised Authorization	<u>\$36,000,000</u>


Approved by Financial Policy Committee



Secretary

November 7, 2003
Date

Approved by Board of Directors



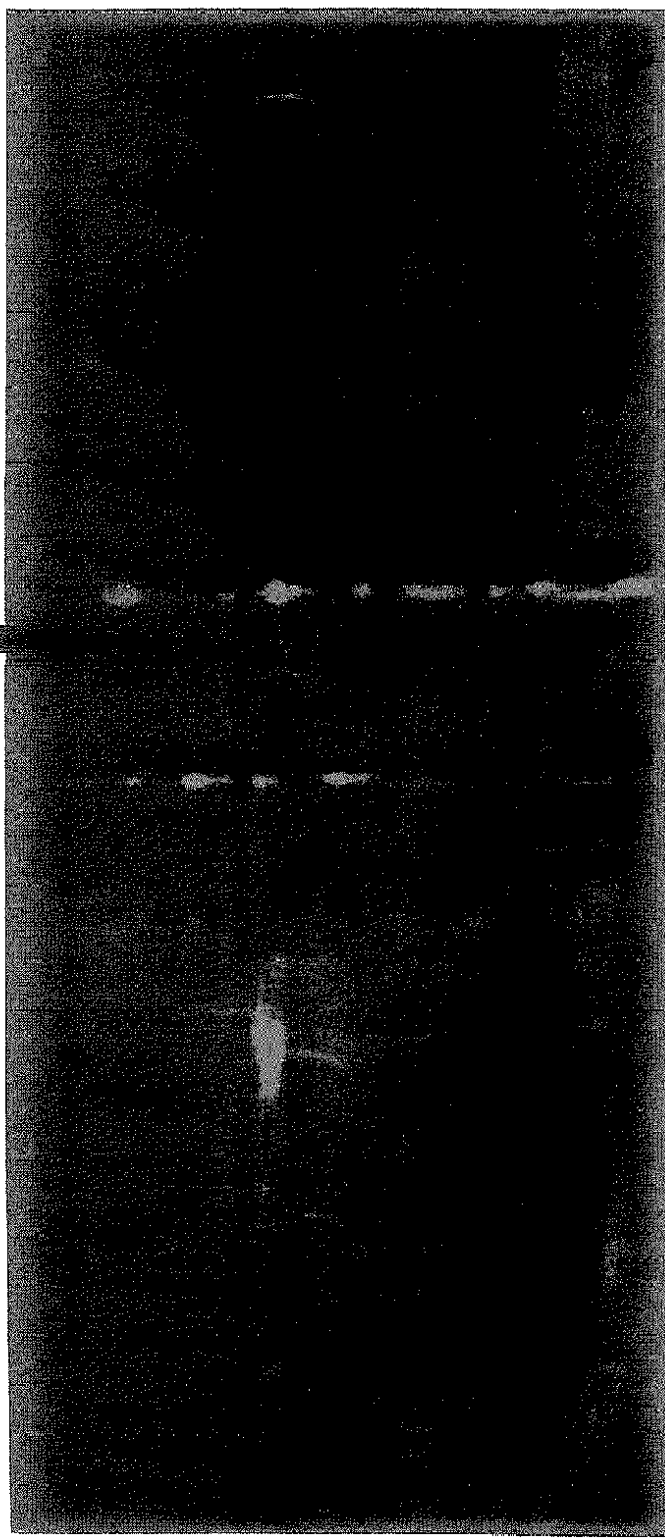
Secretary

November 20, 2003
Date

BOARD MEETING NOVEMBER 2002

Customer Care & Field Force Management Project

November 14, 2002



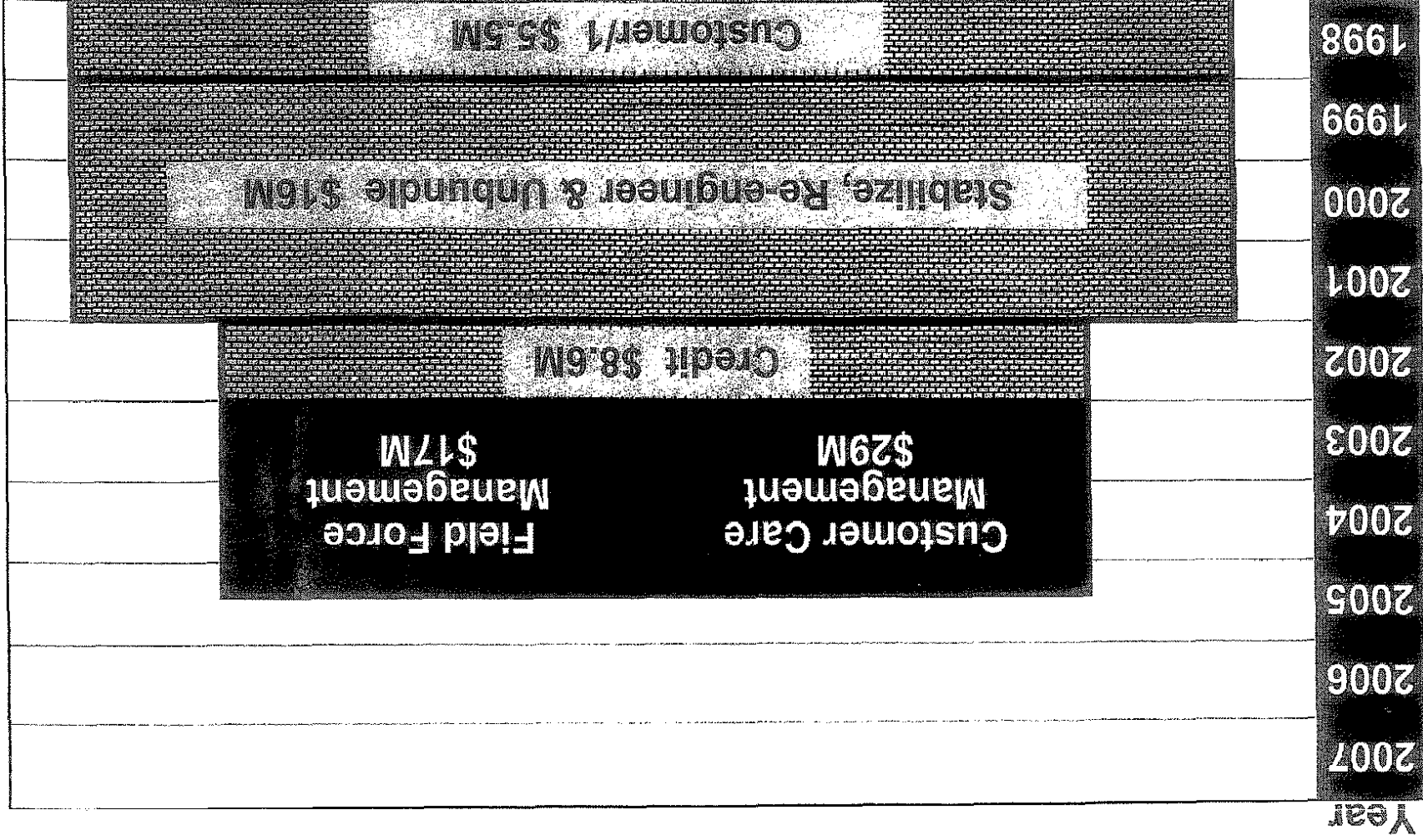
Customer Care & Field Force Management

Building the Foundation for Customer Care

Year	
2007	
2006	
2005	
2004	
2003	
2002	Credit \$8.6M
2001	
2000	Stabilize, Re-engineer & Unbundle \$16M
1999	
1998	Customer/1 \$5.5M

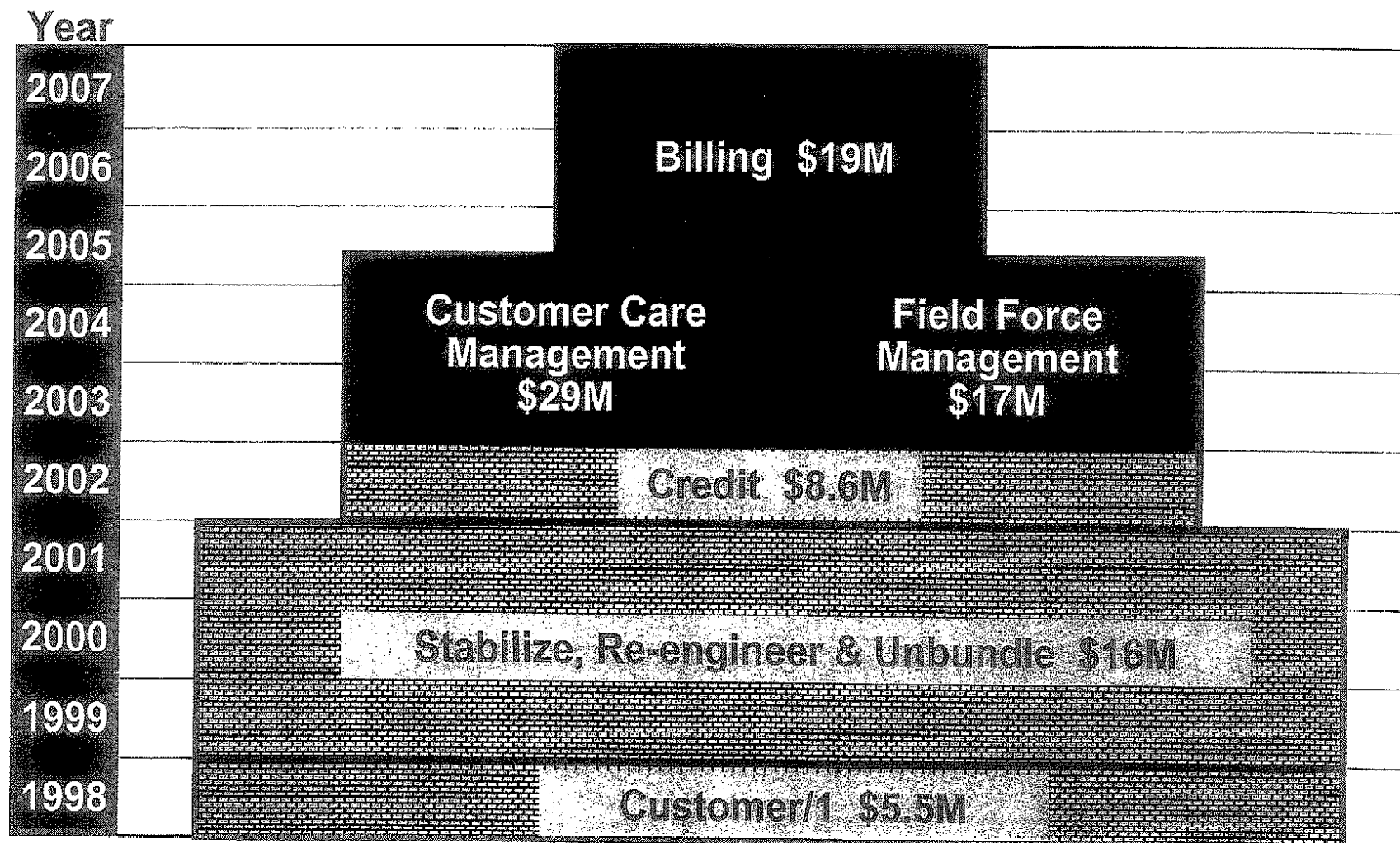
Customer Care & Field Force Management

Building the Foundation for Customer Care



Customer Care & Field Force Management

Building the Foundation for Customer Care



Customer Care Project Spending

(\$ millions)

Capital Dollars

Customer/1 Analysis	\$5.5
Stabilize, Re-engineer, Unbundle	\$16.0
Release 1 (Credit)	\$8.6
Release 2	
Customer Care	\$29.0
Field Force Management	\$17.0
Release 3 (Billing)	\$19.0
<hr/>	
Total Spending	\$95.1
<hr/>	

Expected Benefits \$5.5-\$7 million per year